

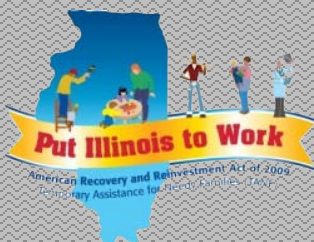
2010

Put Illinois to Work Evaluation: *An Early Look* Executive Summary

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Heartland Human Care Services, Inc.®



Social IMPACT Research Center at Heartland Alliance
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Study Information

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The Social IMPACT Research Center (IMPACT) investigates today's most pressing social issues and solutions to inform and equip those working toward a just global society. IMPACT, a program of the nonprofit Heartland Alliance for Human Needs & Human Rights, provides research, policy analysis, consulting, technical assistance, communications, and coalition building to projects in Illinois, the Midwest, and nationally. Visit www.heartlandalliance.org/research to learn more.

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Executive Summary

Though the recession is technically over, the large gap between available jobs and people in need of work necessitates a further discussion about the role subsidized employment programs play in supporting disadvantaged workers and struggling businesses through the recovery. While rigorously assessing the impact of Illinois' subsidized job program, Put Illinois to Work, on individuals, businesses, and communities will take many months, this early look can be an important contribution to pending federal and state discussions about whether and how to continue funding and running subsidized jobs programs as a response to the economic crisis.

BACKGROUND

Funding Opportunity Seized: An unprecedented opportunity provided by the TANF Emergency Contingency Fund, a part of the American Recovery and Reinvestment Act of 2009, allowed Illinois to create the subsidized work-relief program, Put Illinois to Work (PITW). PITW is a public-private collaboration between the Illinois Department of Human Services (DHS), and Heartland Human Care Services (HHCS), a direct-service organization with leadership and experience in running transitional jobs (an intensive subsidized jobs model). PITW, launched in the second quarter of 2010 and scheduled to end on November 30, 2010, provides a direct response to the devastating effects of the recession on Illinois communities: when the program began, there were 764,825 unemployed workers in the state and an unemployment rate of 11.5 percent. The TANF Emergency Contingency Fund ended on September 30 after Congress failed to extend funding. However, the state of Illinois committed two months of additional funding for PITW to assist workers and businesses in a still-struggling economy.

PITW is designed to provide unemployed and underemployed job seekers with **paid work experience** that will help them **support their families, gain job skills, and make professional connections.**

Research Launched to Document the Initiative: The Social IMPACT Research Center was commissioned to document and evaluate PITW's program model, outcomes, and impacts. This early report gives a brief overview of the program, explores an initial round of outcome data, and presents feedback from PITW workers and employers. Subsequent reports will present a fuller picture of outcomes, explore the details of and lessons learned from PITW's development and implementation, and assess in much greater detail the impact of the program on the lives of the workers and on the stability and viability of Illinois businesses.

PROGRAM OVERVIEW

Recovery-Oriented Goals Set: PITW is designed to provide unemployed and underemployed low-income job seekers, called trainee-workers, with paid work experience and to offer businesses an opportunity to try out new workers for a period of time while their wages are 100-percent subsidized. By lowering the cost of hiring, PITW also helps stabilize fledgling and struggling

businesses with a low-cost workforce. As such PITW appears ideally adapted to respond to the recession.

Program Investment Maximized: PITW is built on the premise that directly subsidizing wages for low-income workers creates a ripple effect, generating activity in the broader economy. Because the target population for subsidized work-relief programs is often living from paycheck to paycheck, they are likely to spend wages immediately to purchase food, pay rent and utilities, or purchase other needed items. This generates sales tax revenue and demand for goods and services, enabling local businesses that might otherwise have failed or contracted under recessionary conditions to stay in business or increase purchasing and hiring.

PITW has paid nearly
\$107 million in
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Illinoisans.

Program Design for Statewide Reach: To facilitate these goals and to ensure statewide engagement, DHS and HHCS subcontracted with 26 organizations that have expertise in providing employment services and have connections to local communities. These organizations were charged with recruiting employers and jobseekers within geographic regions and with making matches between them. HHCS serves as the employer of record for all trainee-workers, who were paid \$10 an hour. To date there are PITW worksites in 71 of Illinois' 102 counties and trainee-workers from 84 of Illinois' 102 counties.

EARLY FINDINGS

Important Data Notes

Data for this report come from three main sources: The PITW central database, Heartland Human Care Services payroll records, and surveys of employers and trainee-workers carried out by IMPACT in September 2010. All program and participant data reflect a cutoff date of September 11, and data from surveys reflect only those received by September 30. This report was being written while PITW was still operating and while data collection and integrity efforts—both by the program itself and by the evaluation team—were still taking place. Therefore, all data are subject to change. This report should be considered an *initial* and incomplete look the program; subsequent reports will incorporate full data and report final analyses.

Put Illinois to Work was the single largest TANF Emergency Contingency Fund-supported adult program, in terms of number of placements, in the nation:

In its relatively brief existence, PITW has paid nearly \$107 million in wages to over 27,000 low-income, unemployed and underemployed Illinoisans by placing them in jobs with 4,280 employers. On average:

- Each trainee-worker has been employed for 5.7 pay periods, or 11.5 weeks.
- Each trainee-worker has worked 384 hours, the equivalent of 48 eight-hour work days.
- Each two-week pay period, nearly \$9 million in wages are paid to trainee-workers. In the peak months of July and August, over \$15 million in wages were paid each pay period.

- Over \$1.1 million each pay period are generated in federal income, Medicare, and Social Security taxes on wages earned by trainee-workers.
- Over \$226,000 each pay period are generated in state income tax.

Employers and trainee-workers alike had high levels of satisfaction with their PITW experience:

- The vast majority of trainee-workers (92 percent) and employers (88 percent) indicate that they would participate in PITW or a similar program if it were offered again. An additional 10 percent of employers and 6 percent of trainee-workers would maybe participate.
- Even if the wage subsidy were halved, 40 percent of employers report they would participate, and 42 percent might participate.
- 52 percent of employers report that they would permanently hire half to all of their trainee-workers if they were financially able to do so. However, considering their financial situation, only 13 percent reported that they will be able to keep half to all of their trainee-workers.
- Of trainee-workers that have discussed the possibility of staying on permanently with their employer once PITW ends, 95 percent said they would accept that job if it were offered.

The **vast majority** of trainee-workers and employers indicate that they **would participate in PITW or a similar program again.**

A wide variety of employers participated in PITW:

- The majority of employers who participated were for-profit corporations (42 percent) and nonprofits (31 percent). PITW employers were primarily small businesses: two thirds of worksites had fewer than 15 employees before involvement with PITW, and over 90 percent had fewer than 100 employees.
- All trainee-workers were low-income parents or low-income young adults. Over half (52 percent) of all employers stated that they are more willing now to hire such individuals than they were before participating in PITW.

Over 1 in 4 employers report that their business was **financially unhealthy or very unhealthy** before PITW.

PITW employers faced difficult business conditions as a result of the recession:

- Over 1 in 4 employers (28 percent) report that their business was financially unhealthy or very unhealthy before PITW.
- Over two thirds (69 percent) experienced cash flow problems, over half experienced reductions in sales (53 percent), and 44 percent had an increase in customers paying late or not at all.
- PITW employers implemented a variety of measures in an attempt to weather the recession. 39 percent report reducing employee hours, 37 percent report freezing hiring, and 32 percent report laying off employees.

PITW benefited employers by improving financial health, increasing quality of work, and increasing productivity:

- 57 percent report that the financial health of their business was better or somewhat better following participation in PITW, and 47 percent attributed at least half of that improvement directly to participation in PITW.
- 63 percent have seen the quality of their work improve as a result of having PITW trainee-workers.
- 68 percent have been able to serve more customers as a result of having PITW trainee-workers.
- 59 percent have seen customer satisfaction improve as a result of having PITW trainee-workers.

The trainee-workers in the program were struggling with unemployment and extremely low-incomes at the time of entry into PITW:

- 39 percent of the trainee-workers did not work in the 2 years prior to enrolling in PITW.
- Of those who did work in the 2 years before PITW, 46 percent were unemployed at the time of program entry but had never received unemployment insurance benefits, and 9 percent were unemployed and had exhausted their unemployment insurance benefits.
- The average length of unemployment for trainee-workers before PITW was 15.4 months.
- Nearly one third (32 percent) of trainee-workers report their household had no income in the month prior to entering PITW. For all trainee-workers, average monthly household income was \$710.
- Of the trainee-workers who worked in the two years prior to PITW, 62 percent earned less than the PITW wage of \$10.00 an hour. Only 19 percent earned \$12.00 an hour or more.

Trainee-workers experienced immediate positive employment and income effects from PITW. The majority of trainee-workers expressed that the program:

- was important in helping them make ends meet (87 percent).
- put more money at their disposal than they had before (78 percent).
- taught them new skills (78 percent).
- saved them from likely unemployment (75 percent).
- introduced them to new professional contacts who might be resources in future job searches (72 percent).
- Of trainee-workers who worked in the 2 years prior to PITW, 75 percent reported that their PITW jobs had a skill level at or above that of their prior job.

SUMMARY

PITW was designed to alleviate hardship for individuals and their families, businesses, and by extension, Illinois communities. This early look indicates that it is doing just that. As these preliminary findings show, PITW was impressive in terms of people employed, businesses engaged, and commitment to providing income to individuals, businesses, and communities through subsidized jobs.